New Startup Index H1 2025

Business and Venture Creation in the UK

NatWest Group | Beauhurst

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Foreword

NatWest Group

James Holian,
Head of Business Banking at NatWest Group

The first half of 2025 has shown that the UK's entrepreneurial spirit is not only alive but accelerating. With over 426,000 new companies established - up from 378,000 in the second half of 2024 - this report highlights the UK's potential for growth and innovation.

What's particularly encouraging is that this momentum is not confined to London. Regions such as the North East, Scotland, and the West Midlands have seen the fastest growth compared to H2 2024, underscoring the strength and ambition of founders across the country. We've also seen particular progress in key sectors. The application software sector led the way in H1 2025, with 34,700 new companies incorporated, reflecting the ongoing digital transformation.

Entrepreneurs and startups are vital to our economy. They bring fresh ideas, create high-growth, high-productivity businesses, and drive regional prosperity.

At NatWest, we're proud to be Britain's biggest bank for business, supporting 1 million business customers and holding over 18% of the startup market share. Our unmatched regional presence means we're uniquely positioned to help founders access the capital and partnerships they need to thrive.

That's why we launched the NatWest Accelerator programme a decade ago. Since then, our 12 hubs have supported over 10,000 businesses, created 12,000 jobs, and driven £700 million in investment. Accelerator alumni record 35% higher average turnover growth than comparable peers, and are more likely to survive the make-or-break early years. Just as important, half of our Accelerator participants are women, a fifth come from ethnic minority backgrounds, and three-quarters are based outside London and the southeast. Talent is everywhere, and support must be as well.

Building on this success, in March we announced that we are raising our ambitions with another 10,000 entrepreneurs joining the Accelerator programme this year and launched a £1 million competition for small business owners and entrepreneurs to win a share of funding to fuel growth. The NatWest Accelerator app went live as part of our 10th anniversary celebrations, providing a centralised digital community and a range of support tools to further help founders connect, learn and grow.

We're also expanding our reach by working with universities to focus on turning world-class research into world-class companies, and recently announced a new partnership with Google Cloud, bringing AI tools and expert training to the next generation of founders on our Accelerator programme.

Our app, Mettle by NatWest, has been designed with small business owners in mind, providing free mobile-based business bank accounts to sole traders and small companies, ensuring they have the resources to effectively manage their finances.

At NatWest we're proud to be helping more businesses get started than any other bank and will continue to nurture these new startups across the country, as we know that when small businesses succeed, so does the UK.

Executive summary

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The pace of new business formations in the UK has stabilised from recent highs, with 426k companies incorporated in H1 2025. This is a 8.97% decrease from H1 2024, when a record 468k new companies were registered. Despite this decrease, the figures highlight a notable recovery from the dip in H2 2024, when only 378k companies were incorporated — one of the lowest totals since H2 2021.

Quarterly data shows an average of 213k incorporations in H1 2025, up from the 189k in H2 2024. The number of incorporations in Q4 2024 was the lowest since Q4 2021. This figure drove the rolling quarterly average down to 197k at the start of 2025. Seasonal slowdowns towards the end of the year, as well as regulatory changes in 2024, likely contributed to this decline. Additionally, regulatory changes to Companies House, resulting from the Economic Crime and Corporate Transparency Act 2023, may have affected the rate of new business formations. Despite these challenges, steady incorporation levels in Q1 and Q2 2025 have helped lift the rolling average to 203k, reflecting a modest but positive recovery, which signals a more stable business environment for the rest of the year.

Regionally, London remained the dominant hub, with 144k incorporations in H1 2025. However, the fastest relative growth from H2 2024 occurred outside the capital, with the North East leading at 19.0%, followed by Scotland (17.9%), the West Midlands (16.9%) and the North West (16.5%). This indicates a broad-based recovery beyond the southern UK regions. Conversely, Northern Ireland saw an 18.1% decline in incorporations, and Wales recorded a 6.31% drop to 13.9k businesses.

5.50m
active companies as of H1 2025

426k
companies incorporated in H1 2025

144k
companies incorporated in London in H1 2025

New company formations

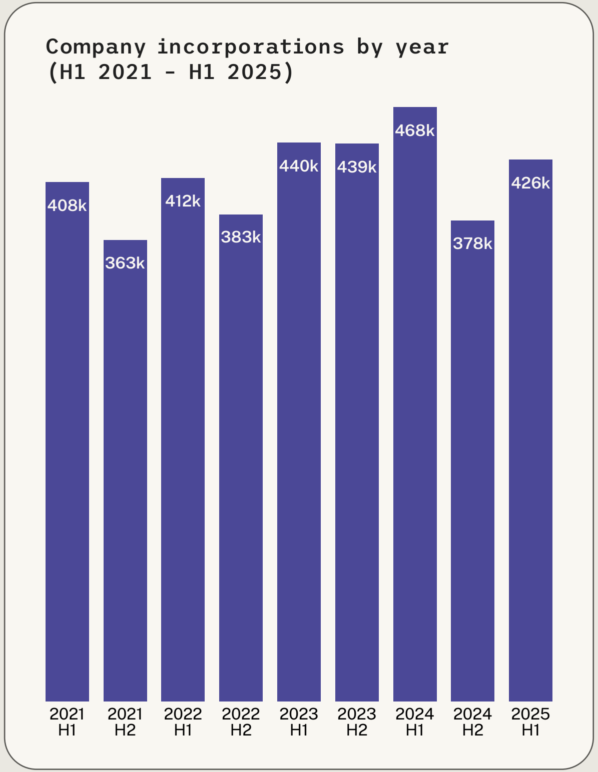
Company formations have slowed from last year's high. A total of 426k companies were incorporated in the first half of 2025, down 8.97% from the 468k recorded during the same period in 2024. While this year-on-year decline reflects a shift from the exceptionally high numbers of 2024, it also signals a strong recovery from the sharp downturn in H2 2024, when only 378k incorporations were recorded, one of the lowest totals since H2 2021.

426k

companies incorporated in H1 2025

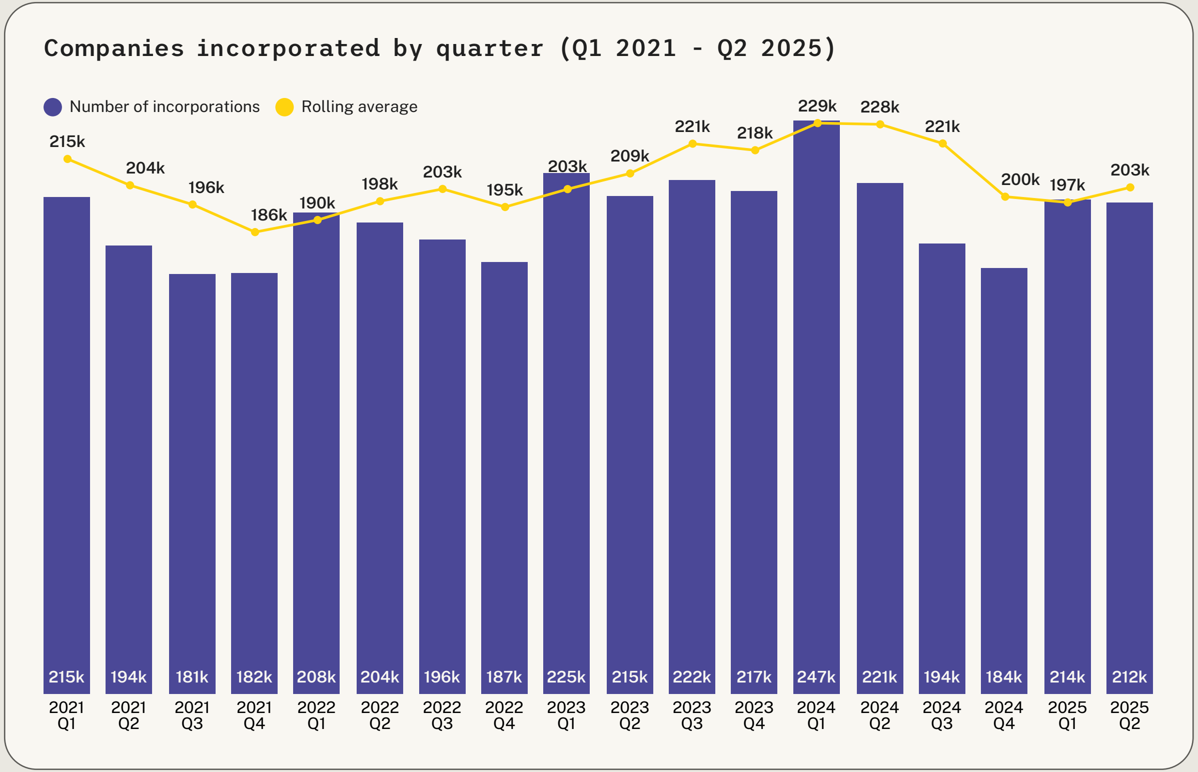
Historically, the rate of incorporations typically peaks in the first half of each year as new businesses are launched following year-end strategic planning cycles. However, the discrepancy between H1 and H2 2024 was particularly pronounced, with a 19.2% drop from H1 2024 (468k) to H2 2024 (378k) before rebounding to 426k in H1 2025. While seasonal fluctuations in formation rates are expected, the scale of variance between the halves in 2024 was larger than in previous years, suggesting a sharper slowdown in entrepreneurial confidence or market entry decisions during the latter part of that year. The partial rebound in H1 2025 indicates a return to more stabilised formation levels, though not to the historic highs recorded in early 2024.

Among the 426k companies incorporated in the first half of 2025, 34.7k were companies operating in the application software sector. Companies in this sector develop software for direct use. The number of incorporations in this sector represents a 0.55% increase from the 34.5k recorded in the same period in 2024. Application software has remained the most populous sector in the UK, with H1 figures consistently within the 30k range for three consecutive years. The second most active sector in terms of incorporations was the hospitality segment, comprising restaurants, pubs, cafes, and takeaways, which saw 26.8k new companies in H1 2025. This is a 8.50% rise from previous years, with 24.7k in H1 2023 and 21.9k in H1 2022.



[1] Standard Industrial Classification (SIC) codes are used to group companies in the UK based on their business activities. A SIC code group further collates similar industries together.

Quarterly incorporations



In Q1 and Q2 2025, there was an average of 213k incorporations per quarter, down from the 234k recorded during the same period in 2024. The number of incorporations in Q4 2024 dropped to its lowest since Q4 2021, reflecting a slowdown in business activity. However, steady activity in the first half of 2025 has helped lift the rolling quarterly average to 203k, indicating a modest recovery.

> **203k**
>
> **rolling quarterly average at the end of Q2 2025**

The sharp drop in incorporations in the second half of 2024 was likely influenced by the introduction of the Economic Crime and Corporate Transparency Act in March 2024. This legislation introduced stricter compliance requirements, including identity verification and business purpose declarations. Additionally, Companies House was granted expanded authority to reject filings, further complicating the incorporation process. These changes, combined with a typical seasonal dip, likely discouraged entrepreneurs.

Regional incorporation analysis

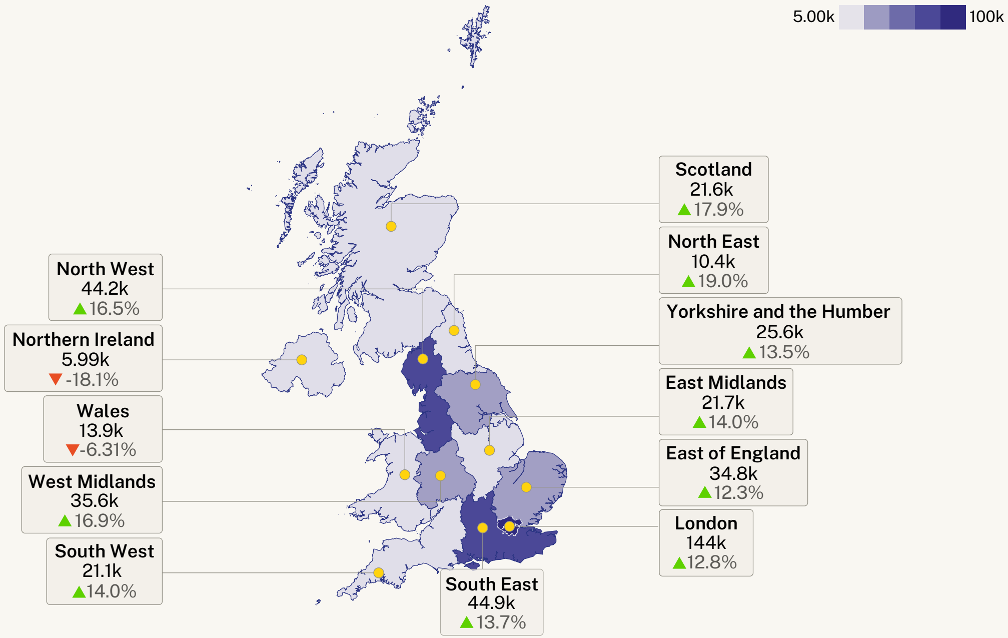
Between H2 2024 and H1 2025, there was a general increase in new company formations across the UK, with only two regions reporting a decline in incorporations. London retained its leading position, with a total of 144k new businesses. However, despite accounting for the largest share of new companies, the capital did not record the highest growth rate. Instead, the North East experienced the fastest relative growth, with a 19.0% increase, reaching 10.4k incorporations.

144k

companies incorporated in London in H1 2025

Other regions also saw robust growth, with Scotland up by 17.9%, the West Midlands increasing by 16.9%, and the North West growing by 16.5% compared to H2 2024, suggesting a broad-based recovery in formations outside of London and the South East. In contrast, Northern Ireland saw an 18.1% decline to 5.99k companies, while Wales recorded a 6.31% fall to 13.9k incorporations.

Companies incorporated by region (H1 2025, change from H2 2024)



Company spotlight

Patricia Porter,
founder of Myndtime

Founded by self-described inventor Patricia Porter, Myndtime Ltd. is a wellness-focused startup offering a tactile, non-tech wearable designed to support mental wellbeing. The product - a silicone wristband with an interactive surface - serves as a grounding tool, similar to a fidget toy, helping users self-regulate in high-stress environments.

While the company was officially incorporated in the first half of this year, Pat began developing Myndtime post-COVID after noticing the mental health struggles of friends and colleagues re-entering the workplace. With a natural inclination for problem-solving, she sought a simple, accessible solution that didn't rely on digital technology. Her previous venture, Buggy Assist - a safety device for children's strollers - had already introduced her to the NatWest Accelerator, which she rejoined to support the development of Myndtime.

Returning to the NatWest Accelerator hub in Leeds, Pat was immediately struck by the consistency and warmth of the support offered. She was paired with a mentor who helped her refine her business plan and focus on key areas such as sales, forecasting, and pipeline development. Pat explained: "My brain is always running at 100 mph, so having someone to help me focus on the business is brilliant. NatWest provides the realistic feedback and advice you need."

> **NatWest has been with me all the way through. The difference is the friendly, welcoming, inclusive environment.**

Looking ahead, Myndtime is set to launch in September, with a dedicated event hosted at the NatWest Accelerator hub in Leeds. Pat plans to expand the company into corporate wellness, offering bespoke branded versions of the wristband for employees.

Pat credits NatWest for being a consistent and inclusive partner throughout her entrepreneurial journey, noting "NatWest has been with me all the way through. The difference is the friendly, welcoming, inclusive environment."

> **Working with Pat to refine MyndTime's go-to-market strategy and build a team who share her ambition has been hugely rewarding. Through 1-to-1 support and our sales and funding workshops, we're proud to have been a part of the journey from early-stage concept to product launch. We're excited to host this milestone in our Leeds Accelerator Hub in September and see MyndTime make a real difference.**

Amirah Darr,
Community Manager at the Leeds Accelerator, NatWest

Methodology

Data source

This document is a Beauhurst-authored and published report, supported by NatWest Group.

Beauhurst data is the primary source of data for this report. This includes data derived from public records at Companies House, which include self-reported data. The dataset encompasses new company incorporations in the UK over a five-year period from 2021 to 2025.

Data integrity and limitations

The report's findings are based on the accuracy of the information provided by companies to Companies House. Discrepancies or inaccuracies in self-reporting may influence the data analysis.

About us

Beauhurst

Beauhurst is the ultimate source of UK private company data.

Through our data platform, we provide data on every UK private company — from investments and hiring status, to patents and trade data — identifying hidden growth, innovation, risk, and ESG signals across UK companies.

Our Research and Consultancy team can provide powerful insights, thought leadership, and data-led reports. Please get in touch if you would like to talk about a project.

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NatWest Group

NatWest Group is a relationship bank for a digital world. We champion potential; breaking down barriers and building financial confidence so the 19 million people, families and businesses we serve in communities throughout the UK and Ireland can rebuild and thrive. If our customers succeed, so will we.

To find out more about NatWest's Accelerator, visit the website.

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